



GCE AS EXAMINERS' REPORTS

**BUSINESS
AS**

SUMMER 2017

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GCE AS BUSINESS

Summer 2017

COMPONENT 1: BUSINESS OPPORTUNITIES

General comments

It was pleasing to see a large number of good scripts which demonstrated a sound understanding of business concepts and theories. Generally, candidates did well on this paper scoring a mean mark of 28.4 with all candidates attempting questions 1 and 4; 99.7% of candidates attempting questions 2 and 99.9% of candidates attempting question 3. Many candidates demonstrated good application skills but some still failed to read questions carefully and answer questions in the context in which they were set.

The quality of written communication was generally good with very few illegible or incomprehensible scripts. Many of the good scripts submitted demonstrated the full range of skills, knowledge, application, analysis and evaluation. Some candidates, however, still struggle with analysis and evaluation and fail to access AO3 and AO4 marks. The better candidates made an effort to give a balanced answer and include recommendations when it was asked of them. The most accessible question on the paper was question 1 scoring a facility factor of 73.1. Most candidates answered this question well and in context. The least accessible question was question 2 scoring a facility factor of 42.8.

Question-specific comments

1. (a) The vast majority of candidates scored well on this question and were able to identify two sources of finance which gained them AO1 marks and most of these were in context of the data given. Some candidates lost AO2 marks for application as the sources identified were not relevant to Andrew Wheaton's situation. A number of candidates found it difficult to clearly explain why the correct sources identified were suitable for Andrew Wheaton's business and lost AO2 marks.
1. (b) Candidates generally scored well on this question and most achieved at least four marks, two AO1 and two AO2. Some failed to read the question carefully and included Andrew Wheaton and his family as possible stakeholders, even though the question stated clearly not to. Some lost marks because they used consumers and supermarkets as separate stakeholders when these are both customers of Andrew Wheaton's business.
2. (a) Most candidates knew the meaning of the term SME and gained at least one mark. Some candidates tried guessing the usual number of employees that work for SME and annual turnover and lost marks but generally this question was answered well.

2. (b) For this question candidates were expected to analyse and produce a well-balanced evaluation with supported judgements of how SMEs are important to the UK economy. Candidates should have included some of the problems associated with being an SME compared to a well-established large business. Most of the candidates managed to explain the positive impact that SMEs have on the UK economy and gained at least some of the AO3 marks allocated to this question. However, very few candidates gave a balanced evaluation including reference to larger well-established organisation and their contribution to the UK economy. Very few candidates, therefore, gained AO4 marks.

Question 3 (a) to (d) tested quantitative skills and was answered well.

3. (a) Most candidates knew how to calculate sales revenue and used relevant data from the stem. Most included a £ sign in their answer but some failed to do this and lost a mark.
3. (b) Some candidates did not know the formula and failed to calculate contribution made per gnome. Those that did know the formula answered the question well. Some candidates lost marks because they omitted a £ sign or selected the wrong information. Most candidates were able to select the appropriate data from the stem to work out variable costs.
3. (c) Most candidates demonstrated a good understanding of total fixed costs and selected appropriate data from the stem. Those candidates that failed to calculate contribution in question 3 (b) also scored low on this question with some trying to guess the break-even formula. Some candidates lost a mark for including a £ sign in front of the number of units needed to break-even. Very few OFR (own figure rule) marks were awarded.
3. (d) Most candidates knew the correct formula to calculate profit and knew how to calculate total costs. Very few OFR (own figure rule) marks were awarded.
3. (e) This question was generally answered well and most candidates were able to identify and explain both random and quota sampling methods. Some candidates did include other methods in their answers which were accepted provided they were in context. Application skills were generally good and candidates were able to apply key factors in context of the data making clear reference to Lotus Enterprise Ltd. Many candidates were able to show a clear understanding of the impact these two methods had on the business. Some, however, just focused on the benefits of using these methods and made no mention of the drawbacks. Most candidates made some kind of valid judgement at the end of their answers which was in context.
4. (a) This question was well answered with most candidates scoring two marks. They were able to clearly describe what is meant by the public sector and give examples of public sector services and organisations.

4. (b) Very few candidates scored full marks on this question. Most were able to describe the key features of a social enterprise but few managed to apply these fully to Local Wheels and therefore gained no marks or just one AO2 mark. Some candidates just repeated information from the stem for which no marks were awarded. Some candidates lost marks because they gave examples of social enterprises that they knew instead of applying answers to Local Wheels.
4. (c) For this question candidates were expected to analyse and evaluate the role of the public and private sector in meeting the needs of society which many candidates found challenging, though 100% of candidates made some attempt at answering this question. Very few candidates gained top marks and some produced unnecessarily long and one-sided answers that were more descriptions of the role of the sectors than an analysis of their importance. Quite a few candidates discussed the problem of underfunding in the public sector and it was nice to see that many included some kind of conclusion affirming the need for and the importance of both sectors in meeting the needs of society. Some, however, wasted time on distinguishing between needs and wants and how private sector organisations do not meet society's needs because they do it for profit. There were some answers that included lots of repetition for which no marks were awarded.

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COMPONENT 2: BUSINESS FUNCTIONS

General comments

It was pleasing to see that most candidates were able to demonstrate reasonably good knowledge on most topics within the Component 2 specification. The standard of quantitative skills demonstrated was very high with many candidates picking up full marks on the calculation questions. Very few candidates missed out questions suggesting that time was managed effectively during the exam.

In section A, question 3 proved to be the most accessible with a mean mark of 11.5 out of 19 marks. Question 1 proved the most challenging with a mean mark of 9.5 out of a possible 22 marks. Question 2 also proved challenging with a mean mark of 7 out of a possible 14 marks.

In section B, 46% of candidates attempted question 6 which also proved the most accessible with a mean mark of 12. 33% of candidates attempted question 5 with a mean of 11.5 marks. 20% of candidates attempted question 4 which proved the most challenging as it recorded the lowest mean mark of 10.

Section A

Section A comprised of shorter questions and offered a good test of candidate's skills and abilities. Candidates demonstrated better quantitative skills compared to last summer's paper (based upon last year's examiners report). Although some questions were trickier than others, stronger candidates were able to pick up a large quantity of the 55 marks available in section A.

However, many candidates didn't answer certain questions correctly, especially those assessing evaluation (AO4). Questions with "Evaluate" and "To what extent" produced lots of one-sided answers with no / limited evaluation which meant that candidates missed out 33% to 50% of marks for these questions (Q1c, Q1e, Q3b, Q3c).

In terms of subject knowledge, topics that created the most problems for candidates were workforce planning (Q1e) and internal economies of scale (Q2c).

Many candidates struggled to achieve AO2 marks in section A and provided lots of general theoretical answers to questions rather than using the actual business scenario from the exam case studies. It appeared that many candidates were unaware of when to use the case study and when not to use the case study within their answers.

The most difficult question to obtain the highest marks was Q1e as candidates had to demonstrate excellent analysis and evaluation to get into band 3 marks for each assessment objective. When evaluations were present, they were usually brief with limited judgement. Very few candidates achieved band 3 evaluation, as there were very few candidates who were able to demonstrate knowledge of influences on factors for given situations where workforce planning would be more suitable. Excellent knowledge, analysis and evaluation were also needed for the top band in Q3c, and again few candidates achieved top band answers for analysis and evaluation. However, more marks were awarded for Q3c as 33% of marks were based on knowledge.

Section B

In section B most candidates were able to demonstrate effective written communication skills as well as subject knowledge.

Weaker candidates struggled to achieve AO2 marks in part A and higher band marks for AO3 and AO4 in part B. Stronger candidates however were able to answer the questions correctly providing suitable AO2 examples for part A as well as demonstrating excellent detail within their analysis and evaluation for the 15 mark question.

Almost all candidates understood the instructions for section B and only answered one of the three questions. There were only a couple of instances where candidates didn't follow instructions for section B.

Question-specific comments

- Q1 (a) Most candidates were able to offer some understanding of the term extension strategy. Lots of candidates used the word "extend" to explain extension strategies, and therefore did not achieve full marks. Few candidates scored zero marks and generally showed some understanding of extension strategies by either noting that extension strategies involve increasing the life span of the product or giving examples of extension strategies. It was a fairly even split in terms of how candidates achieved one mark.
- Q1 (b) Most candidates attempted a diagram of a product life cycle, and marks were usually lost in AO1 due to candidates not having the correct labels (sales and time) rather than identifying the different stages of the product life cycle. Some candidates did not link their diagram to Maltesers and those that did usually lost marks by only incorporating the extension strategies into their answer. A small percentage of candidates didn't attempt a diagram and so no AO1 marks could be awarded.
- Q1 (c) Most candidates were able to explain why the product life cycle is useful to businesses (AO3), but a large proportion failed to link this back to Mars's situation. Most candidates also failed to evaluate why the product life cycle may not prove to be useful and so most marks were lost because of this (AO4). AO3 on the whole was answered reasonably well but AO2 and in particular AO4 caused problems for candidates. There were very few full mark answers to this question as most candidates did not consider the command of "evaluate" and "usefulness" i.e. a two sided approach.

- Q1 (d) Most candidates were able to offer some knowledge of workforce planning. Similar to the first question lots of candidates used the word “plan” to illustrate their knowledge of workforce planning. Many candidates also failed to include any specifics into their definition and therefore only scored one mark by identifying that workforce planning is about the future requirements of the workforce. Lots of candidates didn’t provide any extra details to allow them to achieve the full two marks such as “recruitment and training needs”. The number of candidates achieving the full two marks was less than the number who achieved full marks in Q1 (a) and there were slightly more zero mark scores awarded for this definition in comparison to Q1 9a).
- Q1 (e) This question was not answered well by a number of candidates; it was the worst attempted part of question 1. The main problem with the majority of candidate responses to this question was the ability to analyse why workforce planning may not be important to businesses. Many candidates didn’t offer an evaluation and very few demonstrated an excellent level of judgement providing different factors that will affect whether workforce planning is important or not. Only a small proportion of candidates achieved more than 2 marks for evaluation. There were lots of one-sided answers only focusing on the benefits of workforce planning and most of these answers provided only limited analysis and limited understanding. As band 3 required excellent analysis and evaluation most candidates failed to achieve higher than low band 2 for this question. Where candidates provided detailed analysis on why workforce planning is important, most failed to explain why it may not be so important. On the whole answers to this question lacked depth of analysis and evaluation resulting in a low average raw mark with most candidates not achieving both good analysis and good evaluation. The number of answers awarded more than 5 marks was limited suggesting that the question differentiated weaker candidates to stronger ones.
- Q2 (a) The quantitative skill calculation question was answered very well with a large majority of candidates achieving full marks. If 2 marks were not achieved then usually candidates achieved zero marks due to the formula being the wrong way round. On minor occasions candidates correctly worked out the capacity utilisation but forgot to include the percentage symbol and so lost 1 mark.
- Q2 (b) Most candidates were able to provide knowledge on the effects of underutilisation of capacity. Most marks were lost due to a lack of application to Deskmart rather than the analysis of the impact of underutilisation. Weaker candidates lost marks by only considering the impact on the business or employee rather than on the business and on the employees and so a maximum of 3 marks could be achieved. As application marks were achieved by few, weaker candidates usually scored 2 marks on this question. Stronger candidates answered both parts of the question and analysed the impact well enough to gain maximum marks for AO1 and AO3. More often than not, application was usually limited to one argument (usually the impact on the business) and so stronger answers usually scored 5 marks rather than 6 marks.

- Q2 (c) This question proved the most challenging in question 2 for many candidates and only a small amount of candidates achieved 6 marks in this question. Many candidates demonstrated limited knowledge by providing one type of internal economy of scale (or none). Answers were also not applied in the context of Officequip plc. Stronger candidates were able to demonstrate knowledge of more than one economy scale and when they did, they usually were able to demonstrate good analysis. The number of full mark answers was limited due to the lack of application for both types of internal economies of scale to Officequip. A small proportion of candidates considered economies of scale and the benefits of this rather than considering types of economies of scale and so scored zero marks. There were a large proportion of zero marks for this question compared to other questions in this paper. There were also a lot of answers which just repeated the case study (investment in machinery and 40% more sales) rather than using the case study to demonstrate knowledge of types of internal economies of scale.
- Q3 (a) This quantitative skill question was answered well by most candidates who achieved the full 4 marks, causing minor problems for most. Out of the four calculations, part 3 proved the most challenging and caused more incorrect answers. This was because it involved using data from the cash flow and previous answers to the first two parts of this question to calculate the net cash flow. A small proportion of candidates didn't include a pound sign in their answers to this question but as each calculation was only one mark the mark was given. If it had been more than one mark for each calculation then these candidates would have lost marks here.
- Q3 (b) This question was generally answered well with most candidates being able to provide suitable solutions to reduce certain costs or ways to increase sales during the quieter months. Some candidates demonstrated knowledge of solutions that couldn't be awarded given John Baker's situation for example speeding up customer inflows. As they are a gift shop for tourists it is unlikely that customers would be allowed trade credit (and credit sales were not present in the cash flow forecast) and so this solution was not awarded. Marks were lost for different reasons; some candidates didn't use John Baker's cash flow (or case study) to link solutions to, while others did not evaluate why their solutions may not work. On minor occasions relevant solutions were identified and linked to John Baker but then these solutions did not explain how it would improve the cash flow situation. Overall this question was answered better than other evaluation questions in section A but many candidates did not consider the word "evaluate" and so lost marks by not explaining issues regarding their proposed solutions.
- Q3 (c) Most candidates were able to identify benefits and limitations of cash flow forecasting and so maximum AO1 marks were common; this showed that candidates' knowledge of cash flow forecasting on the whole was good. However, lots of answers lacked depth of analysis of these benefits and limitations and so lots of candidates achieved band 0 / 1 for analysis. Many candidates also failed to consider the importance of evaluation in this question. Where evaluations were present it was usually brief, missing key influences on factors providing situations where cash flow forecasting would be more / less important. As a result, only a small proportion of candidates achieve band 2 and above for evaluation.

Stronger candidates were able to meet the challenges of this question. Stronger candidates demonstrated excellent analysis and evaluation within their answers differentiating themselves from other candidates and were able to achieve 8 to 9 marks on this question, dropping marks usually due to their evaluation. On the whole question 3 proved the most successful part in section A, with question 1 and 2 causing more problems for candidates.

- Q4 20% of candidates chose question 4 and candidates achieved a mean score of 10 marks suggesting that candidates found this question harder than the others in section B.
- Q4 (a) Answers to the question were very mixed. Many candidates correctly described different types of technology used in marketing but most didn't use the correct terminology, for example using the terms website, Google, YouTube and Facebook instead of e-tailing, digital media and social media. This resulted in very few candidates achieving band 3 AO1 marks (5 to 6 marks). A minority of candidates didn't answer the question and described other forms of advertisements (e.g. TV) or types of technology that could help the operations of a hotel. As a result there were a number of zero and band one AO1 marks. A minority of candidates successfully applied these technologies to hotels with the majority just using the words "Premier Inn, Holiday Inn and Travelodge" when describing the technologies with no actual reference to actual hotel contexts. This resulted in a low amount of AO2 marks being awarded for this question. That said there were some excellent answers from stronger candidates who fully explained 3 different types of marketing technologies in context around hotel businesses.
- Q4 (b) Candidates who achieved strong marks in Part (a) were able to demonstrate good / excellent knowledge in part (b) explaining the differences between traditional marketing and marketing using technology. Most answers however lacked depth of analysis about the pros and cons of each type of marketing technique and therefore achieved only limited analysis and evaluation marks. Stronger candidates however were able to do this and there were some excellent responses to this question. Weaker candidates who struggled in part (a) also found part (b) tricky. These candidates were unable to explain, with examples, differences between traditional and technology methods of marketing and concentrated on one-sided answers that lacked depth and so as a result didn't pick up many marks, achieving Band 0 / 1 for AO1, AO3 and AO4.
- Q5 33% of candidates chose question 5, with a mean mark of 11.5 demonstrated that candidates that chose question 5 usually did better than those attempting question 4.
- Q5 (a) Similar to Q4 (a), there was a very mixed response to this question. Some candidates described different production methods rather than examples of lean production and so there was a small proportion of zero / low band marks. Candidates who successfully described different lean production techniques usually came up with at least two and were explained well. Lots of candidates explained the pros and cons of just-in-time, kaizen and cell production and failed to link these lean production methods to an electronic manufacturing business scenario. This meant that quite a few candidates achieved good marks for AO1 but low marks for AO2. Stronger candidates however understood exactly what the question was asking them and there were a number of high band AO1 and AO2 marks awarded for this question. Compared to question 4 (a), candidates found it harder to apply their knowledge in this question, but more candidates used the correct terminology, leading to more AO1 marks being awarded.

- Q5 (b) Many candidates struggled with this question and found it challenging. Answers demonstrated limited understanding of different lean production methods and how they can impact upon different stakeholder groups. Many answers discussed stakeholders' needs but didn't link how these needs will be met / not met due to different lean production methods and so lots of answers were limited to low band marks. Candidate's knowledge of stakeholders was generally good but they were not able to link stakeholders to lean production techniques. Lots of stronger candidates however were able to link both topics together and demonstrated a high level banded response for AO1 and AO3.
- Q6 Question 6 was answered by 46% of candidates and therefore was the most popular choice. Out of the three essay questions candidates performed better on this question with a mean mark of 12.3.
- Q6 (a) As well as being the most popular this question was also the best attempted one and one that scored most marks for AO1. Most candidates demonstrated good knowledge of at least two types of training methods. There were fewer answers that scored only band 1 AO1 marks and so demonstrated a greater understanding of training methods compared to candidates who picked lean production and marketing technologies. Most candidates explained the pros and cons of each training method but struggled to apply examples of how they can be used in a delivery business scenario. This resulted in many candidates achieving high marks for AO1 and low marks for AO2. Stronger candidates were able to successfully link examples of training methods to a delivery business setting and as a result stronger candidates achieved high band AO1 and AO2 marks. Across all 10 mark questions it is clear to see that most candidates are still struggling to apply their knowledge to the unseen businesses / industry within the question.
- Q6 (b) Responses to this question were generally stronger than 4 (b) and 5 (b) on the whole and stronger candidates were able to demonstrate excellent knowledge, analysis and evaluation of the importance of staff training with excellent two-sided answers. Weaker candidates also found this question more manageable compared to the other essays and scored higher banded marks than weaker candidates in the other essay questions. AO4 (Evaluation) proved the most challenging aspect of this question as most candidates offered a repetitive judgement rather than providing specific factors. For example candidates rarely explained why training would be seen as more important in certain situations compared to others. There were lots of excellent but one-sided responses and so these candidates could only achieve a maximum of 8 marks (AO1 2, AO3 4, and AO4 2) as candidates only considered why training is important without a balanced argument to support their judgement.



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